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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002853

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SUBJECT: TAIWAN SOLIDARITY UNION GOING ITS OWN WAY?

Classified By: AIT Director Stephen M. Young, Reasons: 1.4 (b/d)

¶1. (C) Summary: Former President Lee Teng-hui wants the TSU, once considered an appendage to the DPP, to "go its own way."

Lee is dissatisfied with President Chen and with DPP policies viewed as too much in favor of opening to China. Lee has urged TSU candidates to stay to the end in mayoral races in Taipei and Kaohsiung, which will make it that much harder for DPP candidates to win. Some TSU legislators, though like Lee, also critical of DPP initiatives to expand economic ties with China, believe the TSU should coordinate with the DPP in the 2007 LY elections. Otherwise, they argue, both TSU and DPP candidates will suffer. Despite Lee Teng-hui's objections to Chen, he has thus far refused to join calls for Chen's resignation. End Summary.

¶2. (C) The Taiwan Solidarity Union (TSU), the junior partner of the Democratic Progressive Party (DPP) in the Pan-Green camp, has begun taking steps to distance itself from the DPP, including casting abstentions in the failed Pan-Blue vote in the legislature on June 27 to recall President Chen. Former President Lee Teng-hui, the spiritual leader of the TSU, has instructed the party, which was once viewed as an appendage to the DPP, "to go its own way," according to TSU Legislator Lai Shin-yuan. The abstention votes were a first step in going its own way, and a second step was to withdraw from the recent Sustainable Economic Development Conference (SEDC) after participating in some meetings in order to express opposition. Lee has told the TSU that their candidates in the Taipei and Kaohsiung mayoral elections should stay in the races to the end no matter what the results and that the TSU also should fight to win party at-large seats in the 2007 Legislative Yuan (LY) elections. (Note: In addition to electing district representatives, voters will cast a second ballot for the party of their choice, with 34 seats being apportioned to party at-large legislators in the 113 seat LY.) TSU Legislator George Liu (Kuang-ping) told AIT that the TSU LY caucus has decided to vote independently from the DPP, even voting with the Pan-Blue on selected issues.

¶3. (C) Lee has told TSU members that he will no longer support President Chen, because of Chen's unsatisfactory performance on three issues: economic development, reducing income inequalities, and cross-Straits economic relations. Lai, who worked as a non-party official for four years in the NSC during the first Chen administration, suggested that the DPP was not prepared to govern when it unexpectedly won the presidency in 2000. Although the Chen administration has had six years to learn, it is still floundering in terms of

developing, coordinating, and implementing policies. Lai added that Lee Teng-hui, who is concerned about a perceived growing gap between rich and poor in Taiwan, wants the TSU to be the party that represents the disadvantaged in Taiwan's society. One reason the TSU wants to distinguish itself from the DPP is to escape being tarnished by the current corruption scandals surrounding President Chen and the DPP.

¶ 14. (C) TSU members have told AIT that TSU relations with the DPP deteriorated during the December 2004 Legislative Yuan (LY) elections. TSU Deputy Secretary General Liu Yi-te said that in these elections President Chen and the DPP departed from an earlier more moderate line aimed at winning support from Light Green and swing voters. In the 2004 LY elections, Chen and the DPP, hoping to win a legislative majority, played up a "sense of crisis" and went after Deep Green voters with a pro-independence campaign platform, undermining the support base of the TSU as well as alienating moderate voters. The elections did not turn out as the DPP hoped. Overall, the Pan-Green ended up with the same number of seats it had before, with the DPP gaining one seat and the TSU losing one.

¶ 15. (C) Several other developments have also had a negative effect on TSU-DPP relations, Liu said. While Lee Teng-hui advised Chen to meet with People First Party (PFP) Chairman James Soong in 2005, the former president disagreed strongly with the ten-point agreement that resulted from the controversial meeting between Green and Blue leaders. Lee was also quite unhappy with Chen's policies to allow the further opening of cross-Straits economic relations. In addition, DPP and Kuomintang (KMT) agreement on a major change in the LY structure disadvantaged small political parties, including the TSU, further souring relations.

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¶ 16. (C) TSU Legislator David Huang explained to AIT that he and some other district representatives believe that realistically the TSU and DPP will need to work together on the 2007 LY elections or else both parties will suffer as a result of competition against each other in addition to competition against the Pan-Blue. The lack of such cooperation, he suggested, would destroy the TSU, which cannot survive without legislators.

Comment

¶ 17. (C) The restructuring of the LY in 2007 will substantially reduce opportunities for independents and small parties like the TSU to win seats. While this might suggest a need for the TSU to cooperate with the DPP, some in the TSU are quite leery of associating their party with the DPP, whose popularity has plummeted as a result of corruption scandals. In addition Lee Teng-hui wants the TSU to distance itself from the DPP, which he views as much too willing to open to China. Despite Lee's objections to the DPP and Chen, he has thus far not joined those calling for the President to step down. Lee's hardline on cooperation with the DPP may over time encourage some TSU supporters to break away from the party. Given Lee's strong sway over the party, his death or serious illness (Lee is 83) could trigger a crisis in this small party.

YOUNG